

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2017 REGULAR SESSION**

**MEASURE**

2017 BR NUMBER **1498**

**SENATE** BILL NUMBER **125**

RESOLUTION NUMBER \_\_\_\_\_

AMENDMENT NUMBER \_\_\_\_\_

**SUBJECT/TITLE** **An ACT relating to the Kentucky Coal Fields Endowment Fund and making an appropriation therefor.**

**SPONSOR** **Senator B. Smith**

**NOTE SUMMARY**

FISCAL ANALYSIS: ☒ IMPACT      ☐ NO IMPACT      ☐ INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT: ☒ STATE      ☒ LOCAL      ☐ FEDERAL

BUDGET UNIT(S) IMPACT: **Local Government Economic Development Fund**

FUND(S) IMPACT: ☒ GENERAL ☐ ROAD ☐ FEDERAL ☐ RESTRICTED AGENCY \_\_\_\_\_ ☐ OTHER

**FISCAL SUMMARY**

FISCAL ESTIMATES	2016-2017	2017-2018	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES			(\$7.5 million)
EXPENDITURES			
NET EFFECT			(\$7.5 million)

( ) indicates a decrease/negative

**MEASURE'S PURPOSE:** The purpose of this measure is to permanently create and fund the Kentucky Coal Fields Endowment Fund to support efforts to diversify the economy of the coal fields in Kentucky.

**PROVISIONS/MECHANICS:** Section 1 of this bill creates the Kentucky Coal Fields Endowment Fund, recognizes the purpose of the fund, and funds it through coal severance and processing tax receipts at the rate of \$7.5 million per year.

Section 2 of the bill creates an authority for running the fund. The authority is made up of executive appointees and the commissioner of the Department for Local Government. The authority holds the discretion to disburse funds and to invest the funds as it sees fit.

**FISCAL EXPLANATION:** This bill appropriates \$7.5 million per year from the coal severance and processing tax revenue to the Kentucky Coal Fields Endowment Fund. If this bill is passed, the first transfer to the fund of \$1.875 million will be made on the date of the first quarterly

transfer to the Local Government Economic Development Fund following the 90<sup>th</sup> day after the close of the session.

Since this bill takes money from coal severance and processing tax revenues, there will be \$7.5 million less from coal severance and processing tax to go to the general fund. This transfer is included in 2016 RS HB 303, so it does not affect this biennium.

**DATA SOURCE(S): LRC Appropriations and Revenue Staff**

**PREPARER: Amit M. Shanker NOTE NUMBER: 76 REVIEW: JRS DATE: 2/20/2017**

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